

Message Text

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INFORM CONSULS

E.O. 11652: N/A

TAGS: ETRD, XM

SUBJECT: FIRST QUARTER TRADE DATA

1. DURING THE FIRST QUARTER OF 1977 U.S. EXPORTS TO LATIN AMERICA DECLINED 6 PERCENT WHILE IMPORTS INCREASED ALMOST 40 PERCENT. THE U.S. THUS RAN A FIRST QUARTER TRADE DEFICIT WITH LATIN AMERICA OF 2.2 BILLION DOLLARS, COMPARED WITH 0.2 BILLION DOLLARS IN THE FIRST QUARTER IN 1976. TWO FACTORS STAND OUT IN THE FIRST QUARTER DATA: (1) THE TURNAROUND IN OUR BILATERAL TRADE WITH MEXICO AND BRAZIL OF OVER ONE BILLION DOLLARS, AND (2) AN INCREASE IN IMPORTS OF COFFEE
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AND PETROLEUM OF 700 MILLION DOLLARS EACH.

2. U.S. EXPORTS TO BRAZIL AND MEXICO DECLINED BY 23 PERCENT (-491 MILLION DOLLARS) WHILE IMPORTS ROSE BY 42 PERCENT (PLUS 539 MILLION DOLLARS). EXCLUDING MEXICO AND BRAZIL, EXPORTS TO LATIN AMERICA INCREASED BY 11 PERCENT. DECLINE IN EXPORTS TO MEXICO IS APPARENTLY THE

RESULT OF GENERAL PROBLEMS IN THE MEXICAN ECONOMY INCLUDING INCREASED COSTS OF IMPORTS AS A RESULT OF DEVALUATION, REDUCED GOVERNMENT EXPENDITURES, SOME UNCERTAINTY IN PRIVATE SECTOR, AND LACK OF LIQUIDITY AND FINANCING.

FINANCIAL AND TRADE PUBLICATIONS SUGGEST THAT GOVERNMENT POLICY REGARDING PUBLIC SECTOR IMPORTS AND ISSUANCE OF IMPORT LICENSES HAVE ALSO HAD A CONTRACTIONARY EFFECT. IN THE CASE OF BRAZIL, THE SAME SOURCES SPECULATE THAT THE REDUCTION IS ALMOST ENTIRELY THE RESULT OF RESTRICTIONS PLACED ON IMPORTS TO COUNTER THE LARGE CURRENT ACCOUNT DEFICIT OF THE PAST SEVERAL YEARS. VERY TENTATIVE DATA COMPILED BY THE IMF (JANUARY-FEBRUARY ONLY) INDICATE THAT THE REDUCTION IN BRAZILIAN IMPORTS FROM THE U.S. HAS BEEN MUCH SHARPER THAN THOSE FROM OTHER OECD COUNTRIES. COMMENTS FROM EMBASSIES MEXICO AND BRASILIA WOULD BE WELCOMED.

3. COFFEE AND PETROLEUM ACCOUNTED FOR 60 PERCENT OF TOTAL U.S. IMPORTS FROM LATIN AMERICA DURING THE FIRST QUARTER 1977 AS OPPOSED TO 45 PERCENT IN 1976. THE INCREASE IN COFFEE IS ATTRIBUTABLE ENTIRELY TO PRICE. PETROLEUM IMPORTS ROSE BOTH AS A RESULT OF THE SEVERE 1976-77 WINTER AND A GENERAL RISE IN DEMAND AND PRICE. EVEN THOUGH IMPORTS OF BOTH PRODUCTS ARE EXPECTED TO CONTINUE TO BE WELL ABOVE 1976 LEVELS, THEIR EFFECT DURING THE REMAINDER OF THE YEAR SHOULD NOT BE SO DRASTIC GIVEN SEASONAL FACTORS AND FALLING COFFEE PRICES. PRELIMINARY DATA FOR APRIL SHOW A SLIGHTLY RE-

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DUCED RATE OF GROWTH IN THE U.S. TRADE DEFICIT WITH LATIN AMERICA.

4. IMPORTS OF OTHER PRODUCTS FROM LATIN AMERICA, ESPECIALLY MANUFACTURED GOODS, ALSO SHOW A CONSIDERABLE INCREASE OF 17 PERCENT DURING THE FIRST QUARTER. THIS IS PROBABLY ATTRIBUTABLE AT LEAST IN PART TO CONTINUED RECOVERY IN THE U.S. DEMAND AFTER THE 1974-75 RECESSION. IT IS SUBSTANTIALLY ABOVE THE 8 PERCENT AVERAGE GROWTH RATE OF NON-OIL IMPORTS FROM LATIN AMERICA OVER THE PAST TEN YEARS.

5. U.S. PRESS HAS BEEN DEVOTING CONSIDERABLE ATTENTION TO TRADE QUESTIONS RECENTLY. EMPHASIS HAS BEEN PLACED ON WHAT IS PERCEIVED AS DETERIORATION OF OVERALL U.S. TRADE SITUATION AND PRIVATE SECTOR CONCERN OVER INCREASING COMPETITION FROM IMPORTS. DURING THE FIRST FOUR MONTHS OF 1976 U.S. IMPORTS AND EXPORTS WERE ROUGHLY IN BALANCE. DURING THE SAME PERIOD IN 1977 THE U.S. RAN A DEFICIT

OF 2.4 BILLION DOLLARS.

6. U.S. TRADE WITH LATIN AMERICA, FIRST QUARTER 1976-77
(MILLIONS OF DOLLARS)

.....U.S. EXPORTS TO LA .. U.S. IMPORTS FROM LA

..... PERCENT/ PERCENT/

COUNTRY 1976 1977 CHANGE .. 1976 1977 CHANGE

MEXICO 1,320 1,015 MINUS 23 870 1,142 PLUS 31

BRAZIL 731 555 MINUS 24 405 672 PLUS 66

COLOMBIA 143 166 PLUS 16 189 291 PLUS 54

PERU .. 201 124 MINUS 38 119 102 MINUS 14

ARGENTINA 94 140 PLUS 49 70 94 PLUS 34

CHILE .. 97 125 PLUS 29 49 61 PLUS 24

PANAMA .. 80 86 PLUS 8 43 48 PLUS 12

BOLIVIA . 29 35 PLUS 21 20 41 PLUS 105

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URUGUAY .. 11 15 PLUS 36 10 14 PLUS 40

PARAGUAY .. 9 11 PLUS 22 .. 5 .. 6 PLUS 20

SUB-

TOTAL 2,715 2,272 MINUS 16 1,780 2,471 PLUS 39

CENTRAL AMERICA

GUATEMALA 77 81 PLUS 5 65 143 PLUS 120

EL SALVADOR 51 63 PLUS 24 50 111 PLUS 120

COSTA RICA 59 76 PLUS 29 56 82 PLUS 46

HONDURAS 38 48 PLUS 26 52 85 PLUS 63

NICARAGUA 35 49 PLUS 40 46 56 PLUS 22

SUB-

TOTAL 260 317 PLUS 22 269 477 PLUS 77

OIL EXPORTERS

VENEZUELA 592 669 PLUS 13 948 1,274 PLUS 34

TRINIDAD 85 76 MINUS 11 456 521 PLUS 14

NETH. ANT. 53 67 PLUS 26 336 475 PLUS 41

BAHAMAS .. 50 54 PLUS 8 190 329 PLUS 73

ECUADOR .. 91 99 PLUS 9 122 169 PLUS 39

SUB

TOTAL .. 871 965 PLUS 11 2,052 2,768 PLUS 35

OTHER CARIBBEAN

DOM. REP. 105 96 MINUS 9 104 136 PLUS 31

JAMAICA 71 55 MINUS 23 79 99 PLUS 25

HAITI .. 35 45 PLUS 29 34 45 PLUS 32

GUYANA .. 24 22 MINUS 8 12 19 PLUS 58

SURINAM 17 27 PLUS 59 23 32 PLUS 39

BARBADOS 11 12 PLUS 9.. 6 .. 6 ---
BELIZE .. 6 .. 7 PLUS 17 .. 2 .. 2 ---
SUB-TOTAL 269 309 PLUS 15 260 339 PLUS 30
TOTAL 4,115 3,863 MINUS 6 4,361 6,055 PLUS 39 VANCE

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Disposition Case Number: n/a
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